

THE MAIZE TRUST
(Registration number IT8214/98)
Annual financial statements
for the 6 months ended 31 December 2011

The Maize Trust

(Registration number IT8214/98)

Annual Financial Statements for the 6 months ended 31 December 2011

General Information

Type of trust	Non-trading trust
Trustees	Mr JF De Villiers (Chairperson) Mr JK Peele (Vice Chairperson) Ms KPN Daly Mr CK Ferreira Dr TJ Hewu Mr JDM Minnaar Dr JL Purchase (January 2012)
Business address	The Grain Building 477 Witherite Road The Willows Pretoria 0040
Bankers	ABSA
Auditors	The Ashton CA (SA) Group Chartered Accountants (S.A.)
Trust registration number	IT8214/98

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Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial 6 months and the results of its operations and cash flows for the period then ended, in conformity with the South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the 6 months to 31 December 2011 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 4 to 15, which have been prepared on the going concern basis, were approved by the board on 16 February 2012 and were signed on its behalf by:

Trustee

Trustee

Pretoria

16 February 2012

Independent Auditors' Report

To the trustees of The Maize Trust

We have audited the annual financial statements of The Maize Trust, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 months then ended, and a summary of significant accounting policies and other explanatory notes, and the trustees' report, as set out on pages 4 to 14.

Trustees' Responsibility for the Annual Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The Maize Trust as at 31 December 2011, and its financial performance and its cash flows for the 6 months then ended in accordance with the South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973.

Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 15 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

The Ashton CA (SA) Group

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Trustees' Report

The trustees submit their report for the 6 months ended 31 December 2011.

1. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

2. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial 6 months.

3. Trustees

The trustees of the trust during the 6 months and to the date of this report are as follows:

Name

Mr JF De Villiers (Chairperson)

Mr JK Peele (Vice Chairperson)

Ms KPN Daly

Mr CK Ferreira

Dr TJ Hewu

Mr JDM Minnaar

Dr JL Purchase (January 2012)

4. Auditors

The Ashton CA (SA) Group will continue in office for the next financial period.

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Annual Financial Statements for the 6 months ended 31 December 2011

Statement of Financial Position

Figures in Rand	Note(s)	31 December 2011	30 June 2011
Assets			
Non-Current Assets			
Investments	2	853 030 764	824 378 892
Current Assets			
Cash and cash equivalents		6 587 714	7 470 556
Total Assets		859 618 478	831 849 448
Equity and Liabilities			
Equity			
Donations	4	319 234 732	319 234 732
Accumulated surplus		511 137 442	478 374 401
		830 372 174	797 609 133
Liabilities			
Current Liabilities			
Trade and other payables		12 420	24 447
Provisions	7	29 233 883	34 215 867
		29 246 303	34 240 314
Total Equity and Liabilities		859 618 477	831 849 447

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Statement of Comprehensive Income

Figures in Rand	Note(s)	6 months ended 31 December 2011	12 months ended 30 June 2011
Income		27 458 020	31 221 771
Operating expenses		(1 212 280)	(2 169 080)
		26 245 740	29 052 691
Investment revenue		12 698 013	21 935 553
Fair value adjustments		20 726 517	35 416 113
Allocations to beneficiaries (As per note 6)		(24 876 214)	(62 805 905)
Asset management fees (As per note 2)		(2 031 015)	(4 263 819)
Surplus/(Deficit) for the period		32 763 041	19 334 633
Other comprehensive income		-	-
Total comprehensive income for the 6 months		32 763 041	19 334 633

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Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 01 July 2010	319 234 732	459 039 768	778 274 500
Changes in equity			
Total comprehensive income for 12 months	-	19 334 633	19 334 633
Total changes	-	19 334 633	19 334 633
Balance at 01 July 2011	319 234 732	478 374 401	797 609 133
Changes in equity			
Total comprehensive income for the 6 months	-	32 763 041	32 763 041
Total changes	-	32 763 041	32 763 041
Balance at 31 December 2011	319 234 732	511 137 442	830 372 174
Note(s)			

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Statement of Cash Flows

Figures in Rand	Note(s)	6 months ended 31 December 2011	12 months ended 30 June 2011
Cash flows from operating activities			
Cash generated from operations	9	41 978 245	78 335 463
Interest income		5 577 316	10 500 881
Dividends received		7 120 697	11 434 672
Asset management fees paid		(2 031 014)	(4 263 818)
Net cash from operating activities		52 645 244	96 007 198
Cash flows from investing activities			
Movement in investments		(28 651 872)	(34 486 108)
Allocations to beneficiaries		(24 876 214)	(62 805 905)
Net cash from investing activities		(53 528 086)	(97 292 013)
Total cash movement for the period		(882 842)	(1 284 815)
Cash at the beginning of the period		7 470 556	8 755 371
Total cash at end of the period		6 587 714	7 470 556

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.2 Provisions and contingencies

Provisions are recognised when:

- the trust has an obligation at the reporting period date as a result of a past event;
- it is probable that the trust will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.3 Revenue

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends are recognised, in surplus or deficit, when the trust's right to receive payment has been established.

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Notes to the Annual Financial Statements

Figures in Rand	31 December 2011	30 June 2011
2. Investments		
At cost		
Unlisted shares at cost - Grain Building (Pty) Ltd	106 741 361	106 741 361
Unlisted shares at cost - SAGIS	1	1
	106 741 362	106 741 362
At fair value		
Allan Gray Ltd	368 638 906	353 009 516
Book value - R 305 381 802.		
Prescient Management Company	128 643 626	127 480 594
Book value - R 119 109 600.		
Foord Asset Management	249 006 870	237 147 420
Book value - R 159 213 819.		
	746 289 402	717 637 530
Total other financial assets	853 030 764	824 378 892
Non-current assets		
At cost	106 741 362	106 741 362
At fair value through profit or loss	746 289 402	717 637 530
	853 030 764	824 378 892
Asset management fees paid		
Allan Gray Ltd	1 085 067	2 247 034
Foord Asset Management (Pty) Ltd	496 655	1 119 723
Prescient Management Company	449 293	897 062
	2 031 015	4 263 819
3. Funding recovered from beneficiaries		
Emerging Farmers Assistance	-	13 034
No-Till Club	-	8 000
Agricultural Research Council	-	40 000
Limpast	-	383 234
	-	444 268

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4. Donations

Donations consist of advances received from the Maize Board.

- Received 2000	244 128 772	244 128 772
- Received 2000	15 000 000	15 000 000
- Received 2001	5 000 000	5 000 000
- Received 2006	25 000 000	25 000 000
- Received 2010	30 105 960	30 105 960
	319 234 732	319 234 732

5. Actual payments to beneficiaries

SAGIS	4 504 075	6 760 236
Grain SA	4 209 190	7 981 417
Grain SA - Farmer Development Programme	10 618 681	10 995 244
Agricultural Research Council	3 695 060	14 077 078
SA Grain Laboratory	571 946	3 338 377
GFADA	3 856 715	243 606
University of Cape Town	6 882	384 108
University of Pretoria	72 000	-
Mycotoxin Coordination	94 098	168 288
Buhle Farmers Academy	367 349	385 084
Dr WJ van der Walt	22 633	21 773
Bursary Scheme	245 242	525 100
No-Till Club	-	293 030
University of Stellenbosch	756 000	698 407
Sandy Soils Development Committee	178 100	366 900
BFAP	-	70 000
SIQ (Pty) Ltd	-	226 748
CA Coordination	52 226	-
Emerging Farmers Assistance	-	1 983 661
TUT	180 000	90 000
North West University	85 001	135 500
Medical Research Council	343 000	199 500
	29 858 198	48 944 057

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6. Allocations approved during the year by the trustees

Agricultural Research Council	7 015 816	12 985 931
- Approved	7 015 816	14 122 428
- Recalculation of allocations	-	(1 136 497)
Grain SA	2 213 565	4 885 179
- Approved	2 752 636	5 245 106
- Recalculation of allocations	(539 071)	(359 927)
Grain SA - Farmer Development Programme	(378 700)	27 491 672
- Approved	-	27 491 672
- Recalculation of allocations	(378 700)	-
SAGIS	10 387 348	8 057 747
- Approved	10 387 348	8 063 161
- Recalculation of allocations	-	(5 415)
SA Grain Laboratory	(377 158)	4 146 995
- Approved	276 500	4 214 210
- Recalculation of allocations	(653 658)	(67 215)
Bursary Scheme	302 653	473 422
Buhle Farmers Academy	500 000	352 210
Dr WJ van der Walt	28 650	27 217
University of Pretoria	120 000	-
University of Stellenbosch	785 000	690 496
- Approved	785 000	712 500
- Recalculation of allocations	-	(22 004)
Sandy Soils Development Committee	-	332 500
Medical Research Council	350 000	332 500
GFADA	3 646 715	593 606
TUT	200 000	150 000
Mycotoxin Coordination	94 098	161 654
North West University	(64 000)	284 501
- Approved	-	284 501
- Recalculation of allocations	(64 000)	-
Emerging Farmers Assistance	-	1 833 661
CA Coordination	52 226	-
	24 876 214	62 805 905

The payment of the allocations as approved by the Board of Trustees during the period are subject to certain terms and conditions as set out in the Trust Deed and the Norms and Procedures Document of the Trust.

Reconciliation of approved payments and amounts outstanding is as follows:

Approved during the year (as above)	24 876 214	62 805 905
Unpaid allocations at end of previous year (as per note 7)	34 215 867	20 354 018
	59 092 081	83 159 923
Allocations paid during the year (as per note 5)	(29 858 198)	(48 944 057)
	29 233 883	34 215 867

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Notes to the Annual Financial Statements

Figures in Rand

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7. Provisions

The following allocations were approved by the Trustees but have not been paid at the end of the period and is made up as follows:

SA Grain Laboratory	1 542 591	2 491 695
University of Cape Town	50 748	57 630
Agricultural Research Council	8 433 976	5 113 220
Grain SA	2 125 530	4 121 155
Grain SA - Farmer Development Programme	5 499 047	16 496 428
Sandy Soils Development Committee	66 500	244 600
North West University	-	149 001
Bursary Scheme	373 913	316 501
SAGIS	10 208 118	4 324 845
Buhle Farmers Academy	200 000	67 349
Medical Research Council	140 000	133 000
Dr WJ van der Walt	11 460	5 443
GFADA	140 000	350 000
University of Stellenbosch	314 000	285 000
TUT	80 000	60 000
University of Pretoria	48 000	-
	29 233 883	34 215 867

8. Taxation

No provision for taxation has been made for as the Trust is exempted from income tax in terms of the provisions of section 10 (1)(cA)(i) of the SA Income Tax Act. SARS reviewed this exemption with the introduction of new legislation and the Trust reapplied to qualify for the exemption. The application is currently under consideration.

9. Cash generated from operations

Surplus before taxation	32 763 041	19 334 633
Adjustments for:		
Allocations to beneficiaries	24 876 214	62 805 905
Asset management fees	2 031 015	4 263 819
Dividends received	(7 120 697)	(11 434 672)
Interest received	(5 577 316)	(10 500 881)
Movements in provisions	(4 981 984)	13 861 849
Changes in working capital:		
Trade and other payables	(12 028)	4 810
	41 978 245	78 335 463

10. Related parties

Relationships

The Maize Trust holds membership in both SAGIS and GFADA.

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2011

11. Risk Management

The trust's investment activities expose it to a variety of financial risks.

Interest rate risk: As the trust has significant interest-bearing assets, the trust's income and operating cash flows are substantially dependent of changes in market interest rates.

Market performance and currency risk: The trust is exposed to equity securities risk, as well as foreign currency risk because of investments held by the trust and classified on the balance sheet as at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the trust diversifies its portfolio into local and foreign currency. Funds available for investment have been distributed between three reputable asset manager companies. The trust also has an investments advisor.

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Detailed Income Statement

Figures in Rand	Note(s)	6 months ended 31 December 2011	12 months ended 30 June 2011
Other income			
Profit on sale of investments		27 458 020	30 777 503
Funding recovered from beneficiaries (as per note 3)		-	444 268
Dividend revenue		7 120 697	11 434 672
Interest received		5 577 316	10 500 881
		40 156 033	53 157 324
Operating expenses			
Accounting fees		(28 003)	(53 964)
Advertising		(2 394)	(5 130)
Audit fees		(52 326)	(101 232)
Bank charges		(57 509)	(127 820)
Computer expenses		(2 985)	(5 684)
Professional fees		(12 164)	-
Opening Function: Grain Building		-	(45 123)
Administration costs		(521 572)	(1 131 495)
Remuneration - Investment advisor		(151 620)	(247 950)
Trustees emoluments		(164 869)	(316 941)
Conference costs		(17 641)	(38 799)
Maize Board costs		(67 716)	(20 518)
Insurance		(65 000)	(68 366)
Travel - local		(68 481)	(6 058)
		(1 212 280)	(2 169 080)
Operating surplus before asset management fees, fair value adjustments and allocations to beneficiaries		38 943 753	50 988 244
Fair value adjustments		20 726 517	35 416 113
Allocations to beneficiaries (as per note 6)		(24 876 214)	(62 805 905)
Asset Management fees (as per note 2)		(2 031 015)	(4 263 819)
		(6 180 712)	(31 653 611)
Net surplus after fees, fair value adjustments and allocations to beneficiaries		32 763 041	19 334 633